Security Intelligence Review Committee

Departmental Performance Report

For the
Period ending
March 31, 2008

The Right Honourable Stephen Harper
Prime Minister of Canada

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SECTION I – OVERVIEW

Chair's Message

I am pleased to introduce the performance report of the Security Intelligence Review Committee (SIRC or the Committee) for fiscal year 2007-2008.

The past seven years have witnessed fundamental changes to Canada's security and intelligence community. In response to the increasingly complex and still-evolving threat environment posed by international terrorism, most Western democratic governments, including Canada, have implemented fundamental legal, policy and program reforms. For SIRC, these changes have underscored the importance of independent, expert and informed review of CSIS. Our reviews and complaint decisions provide an important means to reassure Canadians that CSIS continues to investigate new and evolving threats to national security in a manner that respects Canada's core democratic values.

The period under review was another important year for Canada's national security accountability regime. A number of judicial decisions affected the Canadian national security environment, including most prominently rulings on the security certificate system, the extraterritorial application of CSIS's warrants, and the ongoing case of Omar Khadr. In addition, the Crown commenced criminal proceedings against terrorist suspects in Toronto in 2007-2008, which will test, in part, the role and involvement of Canada's security community, including CSIS. Two Commissions of Inquiry (the Investigation of the Bombing of Air India Flight 182 (Major Inquiry) and the Internal Inquiry into the Actions of Canadian Officials in Relation to Abdullah Almalki, Ahmad Abou-Elmaati and Muayyed Nureddin (Iacobucci Inquiry)) continued their work during this period.

As SIRC's Chair, I take pride in the Committee's commitment to keep abreast of, and adapt to, the changing security intelligence environment. We strive to provide assurance to the Parliament of Canada and through it, to Canadians that CSIS is acting effectively, appropriately and lawfully in the performance of its duties and functions. In 2007-2008, SIRC undertook seven in-depth reviews and completed an eighth that was carried over from 2006-2007. SIRC also completed its examination of 37 complaint files. Through this work, the Committee gained valuable insight into a broad range of CSIS operations and investigations and offered a number of important findings and recommendations.

The *Canadian Charter of Rights and Freedoms* continues to shape and inform SIRC's efforts to ensure that CSIS respects the rights of Canadians while working to preserve national security. The Committee continues to embrace the belief that balancing collective public safety with individual rights is a hallmark of Canada's democratic values and aspirations. It is a theme that I am confident will continue to guide SIRC's work.

I hope that this Performance Report provides insight into SIRC's accomplishments and challenges in carrying out its program activities over the past year. SIRC is proud of its contribution to ensuring that CSIS is effective and accountable, and we accept this duty with an enormous sense of responsibility and commitment.

Honourable Gary Filmon, P.C., O.M.
Chair

Management Representation Statement

I submit for tabling in Parliament, the 2007-2008 Departmental Performance Report for the Security Intelligence Review Committee.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the department's approved Strategic Outcome and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Susan Pollak
Executive Director

Summary Information

Strategic Outcome	
To provide assurance to the Parliament of Canada and through it, to Canadians that the Canadian Security Intelligence Service (CSIS) is complying with the law, policy and Ministerial direction in the performance of its duties and functions.	
Program Activity 1 Review	Program Activity 2 Complaints

Total Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
$2.9	$3.0	$2.6

Total Human Resources (FTEs)

Planned	Actual	Difference
21	17	4

Summary of Performance in Relationship to Departmental Priorities

Departmental Priorities

Name	Type	Performance Status
1. Annual report and Communications Material	Ongoing	Successfully met
2. Outreach	Ongoing	Successfully met
3. Liaison	Ongoing	Successfully met
4. Management Accountability	Ongoing	Successfully met
5. Quality Service	Ongoing	Ongoing

Program Activity by Strategic Outcome

Program Activity	Expected Results	Performance Status	2007-2008		Contributes to the following priority
			Planned Spending	Actual Spending	
Strategic Outcome: To provide assurance to the Parliament of Canada and through it, to Canadians that the Canadian Security Intelligence Service (CSIS) is complying with the law, policy and Ministerial direction in the performance of its duties and functions.					
All program activities	(a) Annual report and communications;	Successfully met	$82,000	$86,334	Priority No. 1
All program activities	(a) Implementation of modern management and governance	Successfully met	$75,000	$42,347	Priority No. 4
Review	(a) Visits to CSIS regional offices and overseas posts; (b) Conference participation and speaking engagements; (c) liaison with Government	Successfully met	$73,500	$30,379	Priorities No. 2, and 3
Complaints	(a) Training and sharing of best practices	Ongoing	$50,000	$3,970	Priority No. 5

Summary of Departmental Performance

The Security Intelligence Review Committee (SIRC or the Committee) is a small, independent review body that reports to Parliament on the activities of the Canadian Security Intelligence Service (CSIS or the Service). It was established in 1984 at the same time as CSIS and derives its powers from the *CSIS Act*.

The Committee's strategic outcome is to provide assurance to the Parliament of Canada and through it, to Canadians that CSIS is complying with the law, policy and Ministerial direction in the performance of its duties and functions. In doing so, the Committee seeks to ensure that CSIS recognizes and respects the fundamental rights and freedoms of Canadians. The Committee is the only independent, external body with the legal mandate and expertise to review the Service's activities, and is, therefore, a cornerstone of Canada's democratic tradition as it ensures the accountability of a government institution, which, of necessity, performs much of its work in secret.

SIRC has two key program activities related to its strategic outcome. The first is to conduct in-depth reviews of CSIS activities to ensure effectiveness, appropriateness and compliance with the *CSIS Act*, other statutes, policy and Ministerial Direction. The second is to receive and inquire into complaints by any person about any action of the Service.

SIRC is chaired by the Honourable Gary Filmon, P.C., O.M., who was appointed Chair on June 24, 2005. The other Members are the Honourable Raymond Speaker, P.C., O.C., the Honourable Roy Romanow, P.C., O.C., Q.C and the Honourable Aldéa Landry, P.C., C.M., Q.C. The term of the Honourable Baljit S. Chadha, P.C. ended on February 20, 2008 and, on April 22, 2008, Mrs. Landry tendered her resignation from the Committee. All Members of the Committee are Privy Councillors, who are appointed by the Governor-in-Council after consultation by the Prime Minister with the leaders of the Opposition parties.

Priorities

SIRC identified five priorities in its *2007-2008 Report on Plans and Priorities*. These were: 1) to produce an Annual Report to Parliament and other high quality communications material; 2) to pursue outreach activities, such as speaking engagements for SIRC's Chair, including participation in an international symposium on accountability; 3) to pursue liaison opportunities and maintain productive working relationships with Parliamentarians, commissions of inquiry and other review agencies; 4) to undertake management accountability initiatives; and 5) to provide quality service to interested parties involved in the complaints process, through the provision of training and the sharing of best practices with Committee Members.

Annual Report and Communications Material

Although SIRC's in-depth reviews of CSIS activities are highly classified, summaries of these reviews, edited to protect national security and privacy but including findings and recommendations, appear in SIRC's annual report to Parliament. Section 53 of the *CSIS Act* requires SIRC to submit this report to the Minister of Public Safety by September 30 of each fiscal year. SIRC submitted its 2006-2007 annual report to the Minister of Public Safety on September 28, 2007 and it was tabled in Parliament on October 30, 2007.

An important element of SIRC's communications strategy is its website, which is updated continually with information relevant to the security and intelligence community. The website offers clear descriptions of who we are and what we do. All of SIRC's annual reports since its creation are available publicly, as are copies of speeches, backgrounders and other publications.

Outreach

The second priority was to participate in various outreach activities. In June 2007, the Chair delivered a speech entitled "The Canadian Model of Security Intelligence Review" to an international symposium on the accountability of intelligence and security agencies and human rights hosted by in the Netherlands. In November 2007, the Chair presented a paper entitled, "National Security: A Foundation of Economic Prosperity," to the Canadian Business Council in Abu Dhabi, United Arab Emirates. The Chair, Members and SIRC staff also attended the International Conference on the Administration of Justice and National Security in Democracies in Ottawa in June 2007.

SIRC's Executive Director, Senior Counsel and staff participated in a number of meetings and conferences in 2007-2008. The Executive Director and senior staff met with the Australian Inspector General of Intelligence and Security in June 2007 and, in November, with senior officials of the Norwegian Parliamentary Intelligence Oversight Committee. The Executive Director was a panellist at a conference entitled "Balance between Security, Human Rights and Accountability" hosted by the Justice Institute of British Columbia's Committee on Diversity and Policing. SIRC Senior Counsel was a panellist at a symposium on the *Charter* hosted by the Saskatchewan Institute of Public Policy. In addition, SIRC staff attended the annual Canadian Association of Security and Intelligence Studies conference in Calgary.

In November 2007 and March 2008, the Executive Director lectured on SIRC's role and mandate to students of a course on National Security and Intelligence in the Modern State at Carleton University.

Liaison

SIRC had exchanges with Parliamentarians and other review bodies during the period under review. In June 2007, the Executive Director appeared before the Senate Standing Committee on National Security and Defence to describe SIRC's role and powers as a

review body and a quasi-judicial complaints tribunal. In addition, SIRC continued its participation in the Review Agencies Forum, which brings together representatives of the Office of the Commissioner of the Communications Security Establishment, the Inspector General of CSIS and the Commission of Public Complaints against the Royal Canadian Mounted Police.

Management Accountability

SIRC responded to several reporting requests from central agencies, such as those associated with expenditure management reforms, the *Federal Accountability Act* and annual Public Security and Anti-Terrorism (PSAT) initiatives.

SIRC continues to make progress regarding its implementation of a modern management accountability action plan. In 2007-2008, SIRC hired a consultant to provide expert evaluation on performance measurement in support of SIRC's obligations under the Management Resources and Results Structure. As part of this process, SIRC undertook a benchmarking exercise that aligned its performance indicators with those of other comparable agencies such as the RCMP Public Complaints Commission. SIRC worked closely with the Treasury Board Secretariat to produce a finalized performance measurement framework and governance structure in March 2008. At the same time, SIRC submitted to the Treasury Board Secretariat proposed revisions to the wording of SIRC's strategic outcomes and definitions of program activities. This proposal was one outcome of Program Activity Architecture (PAA) consultations that commenced during the 2006-2007 reporting period. As part of these consultations, SIRC identified the need to revise SIRC's outcome and definitions to ensure closer alignment with SIRC's program activities. All approved changes will take effect in 2009-2010.

In November 2007, SIRC introduced policy relating to the Public Servants Disclosure Protection Act (PSDPA). The goal of the policy is to foster an ethical culture of right-doing by demonstrating professional values, principles, and standards of conduct. It identifies the roles and responsibilities of SIRC management and employees with respect to the PSDPA, as well as the process for disclosing possible wrongdoing to the Public Sector Integrity Commissioner (PSIC).

As part of the federal government's commitment to modern management practices, SIRC undertook an analysis of its Terms and Conditions of Employment. As a result of this process, SIRC implemented changes to its Terms and Conditions and reclassified several positions within the organization to better reflect the staff's current roles and responsibilities.

In 2006-2007, SIRC developed a financial management framework to improve the allocation and monitoring of expenses. In this reporting period, the framework was reviewed by a consultant to review the framework who recommended changes to policies and procedures. These were developed and implemented subsequently, as were other corporate policies.

Finally, SIRC awaits the formal report of the Treasury Board Secretariat's audit of hospitality and travel expenses of small federal agencies. SIRC was anticipating an examination of the governance regime of small federal agencies by the Office of the Auditor General of Canada in 2007-2008; however, this audit did not proceed during the period of review.

Quality Service

The fifth priority was to provide quality service to interested parties involved in the complaints process. As a quasi-judicial administrative tribunal, the Committee seeks to serve all interested parties–complainants, respondents, the Canadian Human Rights Commission and other federal departments–in a timely and fair manner and in accordance with the rules of natural justice. The Committee pursues this objective by studying best practices of other tribunals and adopting measures to improve the timely and efficient completion of SIRC's investigations.

In May 2007, the Committee and SIRC counsel received training on the *Charter of Rights and Freedoms* and in September, the Committee and counsel received training on the law of evidence and administrative law. In addition, during last fiscal year, SIRC counsel participated in Continuing Legal Education offered by the Law Society of Upper Canada and received private training on advanced administrative law and on the *Access to Information Act* and *Privacy Act*.

Highlights of Performance

The Committee has one strategic outcome namely, to provide assurance to the Parliament of Canada and through it, to Canadians that CSIS is complying with the law, policy and Ministerial direction in the performance of its duties and functions. This strategic outcome is achieved through the performance of two program activities: reviews and complaints. These activities are discussed in detail in *Section II - Analysis of Program Activities by Strategic Outcome*. A summary is provided below for your convenience.

Reviews

The Committee undertook eight reviews in 2007-2008, including one carried over from the previous review period:

- Review of CSIS's cooperation with and an investigation of the intelligence agencies of a foreign country;
- Review of a counter-intelligence investigation;
- Review of CSIS's Intelligence Assessments Branch;
- Review of CSIS's support for Canadian operations abroad;
- Review of CSIS human source operations outside Canada;
- Review of a counter-terrorism investigation;
- Review of a Foreign Office post; and
- Review of a counter-terrorism investigation.

In addition, SIRC reviewed eight of CSIS's arrangements with foreign agencies, one of the Service's domestic arrangements, the CSIS Director's annual report for 2007-2008 and the Inspector General's 2007 certificate.

Complaints

SIRC dealt with 52 complaints in 2007-2008, of which 32 were new and 20 were carried over from 2006-2007. Thirty-seven files were closed by fiscal year end, and 15 were carried forward. SIRC issued five s. 41 reports, dealing with:

- alleged intimidation by CSIS related to a immigration interview;

- advice provided to the Minister of Citizenship and Immigration related to a permanent residency application;
- alleged abuse and unfair treatment by CSIS;
- delay in processing a site-access clearance; and
- CSIS's use of evidence obtained by torture.

In addition, SIRC issued one report on a complaint referred to it by the Canadian Human Rights Commission under s. 45 of the Canadian Human Rights Act.

Operating Environment and Context

Several factors influenced SIRC's performance during the year under review. While most were anticipated, some issues and initiatives did not evolve as predicted, providing challenges for SIRC in realizing some of its program objectives.

Changes to the Security Intelligence Environment

In recent years, the security intelligence community has undergone several legal, policy and program reforms in response to the evolving threat environment. In various ways, these changes have influenced the nature and scope of SIRC's reviews and complaints investigations. Two examples are instructive in this regard.

First, *Securing an Open Society*: *Canada's National Security Policy* (April 2004) called for a greater integration of the various agencies and departments responsible for ensuring public safety and security. Several initiatives have reflected this national priority through integrated processes or structures such as the Integrated Threat Assessment Centre, the Integrated National Security Enforcement Teams, the Terrorist Entity Listing process and the Passenger Protect program. The post-September 11, 2001 era also has seen enhanced international collaboration between Canadian security agencies and foreign partners. This is a necessary outcome of Canada's international military commitments and is part of its strategic response to international terrorism under Canada's national security policy. That said, integration and enhanced interoperability between CSIS and domestic and foreign partners have significantly increased the complexity of SIRC's review function.

Second, in 2006, CSIS began a significant organizational realignment to streamline its operations and to reflect the changed operational environment. This process continued during the period under review and CSIS implemented some new programs and amended policies and procedures that have changed CSIS's operations.

In both instances SIRC has adjusted, and will continue to adjust, its focus to account for CSIS's involvement in new operating environments.

Government Initiatives

SIRC has continued to monitor discussion and debate about potential and ongoing Government initiatives. For example, Transport Canada recently launched two initiatives that could have an impact on SIRC. In 2006-2007, Transport Canada implemented the Marine Transport Security Regulations (MTSR) and in June 2007, the Government of Canada launched the Passenger Protect Program. CSIS plays a supporting role as a member of the Passenger Protect Advisory Group and in providing security assessments for persons subject to the MTSR. Consequently, these programs may increase the volume of complaints received by SIRC. Nevertheless, at this writing, the impact upon SIRC resources has been limited.

SIRC followed closely the deliberations on Bill C-3, which was introduced in October 2007 as a response to the February 2007 Supreme Court decision that found the security certificate process to be incompatible with the *Charter*. This bill resulted in amendments of the *Immigration and Refugee Protection Act* (*IRPA*) and introduced security-cleared Special Advocates who will represent subjects of security certificate proceedings in classified hearings before the Federal Court.

SIRC continues to follow the ongoing debate on the possible expansion of CSIS's mandate to include foreign intelligence gathering abroad. A formal expansion of CSIS's role would have major implications for SIRC, as it would introduce entirely new activities for the Committee to monitor. In addition, SIRC continues to follow discussion concerning lawful access legislation and efforts to modify the way in which law enforcement and security agencies intercept communications.

Examining these and other issues is an ongoing activity. In addition to liaising with other review agencies, both domestically and internationally, SIRC continues to examine academic materials, Parliamentary debates, committee hearings, media reports, and government and non-government documents to gather a range of perspectives into these still-evolving initiatives.

Commissions of Inquiry

During this performance cycle the work of the Major Commission and the Iacobucci Inquiry had an impact on SIRC's work, mainly because of the additional burdens they placed upon CSIS's internal resources, which are the same as those used by SIRC. This has an adverse effect on the Service's capacity to respond in a timely fashion to SIRC's requirements for information.

Resources

In December 2004, Parliament approved Supplementary Estimates that increased SIRC's budget by $344,000 in 2004-2005 and future years. Most of the new funding was used to hire more staff in SIRC's review and complaints programs. Staffing at SIRC continues to pose a challenge as all staff must be security cleared to the Top Secret level. This can create a delay of several months from the time a vacancy first becomes available, to the actual starting date of a new employee. During the period under review, SIRC was not fully staffed, in part, because of this lengthy process.

SIRC created and staffed a new position of Counsel to assist SIRC Senior Counsel in the investigation of complaints. SIRC also staffed the position of Research Manager, a post which had been vacant for approximately one year. Finally, SIRC began the process of filling two positions in the review section.

In December 2007, SIRC began a procedure to review its terms and conditions of employment that had been in effect since January 1990. New terms and conditions were

approved in February 2008 and saw the reclassification of several SIRC staff positions in March 2008.

Management Accountability

Given its small staff complement and like other small agencies, SIRC struggles with central agency reporting requirements. While SIRC continues to be fully supportive of modern management accountability, because of the lack of dedicated functional specialists, SIRC must often rely on a combination of internal staff and contracted resources to deliver the required reports.

Links to Government of Canada Outcomes

The whole of government framework used for government reporting has identified 13 Government of Canada outcome areas divided into four areas of spending, namely economic, social, international affairs, and government affairs (also referred to as Program Activities). SIRC has aligned its strategic outcome and program activities with Government Affairs, because it contributes to the achievement of all Government of Canada outcomes.

CSIS's investigation of threats to the security of Canada and cooperation with foreign intelligence agencies contribute to safety and security of Canada, the Canadian marketplace and a strong and mutually beneficial North American partnership. With virtually unlimited access to information under the control of CSIS, SIRC provides assurance to Parliament and Canadians that the Service is carrying out its duties and functions in compliance with law, policy and Ministerial direction. SIRC helps to ensure that CSIS's contribution to the North American partnership respects Canadian law and policy.

SECTION II - ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

SIRC has only one strategic outcome, described below. SIRC is a cornerstone for ensuring the democratic accountability of a government institution, which, by necessity, performs much of its work in secret.

Strategic Outcome

To provide assurance to the Parliament of Canada and, through it, to Canadians that CSIS is complying with the law, policy and Ministerial direction in the performance of its duties and functions.

Program Activity #1: Reviews of CSIS Activities

Financial Resources

Planned Spending	Authorities	Actual Spending
$1.9	$2.0	$1.6

Human Resources (FTEs)

Planned	Authorities	Actual
14	14	11

The purpose of the Review Program is to conduct reviews of CSIS activities to ensure that CSIS performs its duties and functions appropriately and effectively, and in accordance with legislation, policy and Ministerial direction. The expected result is to improve CSIS's performance based on the findings and recommendations that SIRC makes in its reviews.

The *CSIS Act* grants SIRC access to all information under the control of CSIS, no matter how highly classified that information may be. The only exception to this power is Cabinet confidences.

The Committee examines CSIS's performance on a retrospective basis, that is to say, it examines the past activities of the Service. The Service continues at all times to be accountable for current operations through the existing apparatus of government, specifically the Minister of Public Safety, the Inspector General of CSIS, the central agencies, the Auditor General, the Information Commissioner and the Privacy Commissioner of Canada.

The review process begins with the Committee's approval of a research plan for the year. The proposals outlined in the plan and the allocation of resources remain flexible so that the Committee can respond to unforeseen events. Once approved, resources are allocated for each planned review. A typical review involves hundreds of staff hours dedicated over several months. Staff review thousands of pages of hard copy and electronic documentation from CSIS, interview CSIS staff, submit detailed questions for response and, where appropriate, conduct field visits to a CSIS regional office or a foreign post.

A classified report detailing the results of the review, including any findings and recommendations, is presented to the Committee at one of its monthly meetings. SIRC provides copies of finalized reports to the Director of CSIS and to the Inspector General of CSIS, who works for the Minister of Public Safety. At times, a report may be furnished directly to the Minister for Public Safety upon his request, or when the Committee deems it appropriate. Finally, declassified summaries of all reviews are included in the Committee's annual report to Parliament.

SIRC's research program is designed to address a broad range of CSIS's duties and functions. This approach allows the Committee to manage the inherent risk of being able to review only a small percentage of CSIS activities in any single year. Thus, over the course of several years, SIRC is able to examine a significant number of CSIS's investigations and functions. The Committee must always be prepared to adjust the research program to address unforeseen events.

In selecting reviews for this fiscal year, SIRC took into consideration domestic and world events; issues, priorities and concerns identified by Canadians and Parliament; past reviews; matters of interest identified in complaints investigations; and existing and emerging CSIS activities.

SIRC's review of CSIS activities is an ongoing activity that includes salary costs and training for staff, the annual report to Parliament, monthly meetings attended by Committee Members, their travel expenses and per diems. It also includes ground transportation on a nearly daily basis between SIRC's offices in downtown Ottawa and CSIS headquarters.

SIRC has developed several performance measurements for reviews. One measure is whether the research plan approved by the Committee at the beginning of the fiscal year is completed in its entirety. In fiscal 2007-2008, SIRC undertook eight reviews, including one carried over from the previous period. Five were completed and three were being finalized at year's end.

In addition, SIRC Committee Members and senior staff visited two CSIS regional offices. This provided the Committee with an opportunity to explore the day-to-day work of investigators in the field and to learn about the priorities and challenges of regional offices. Committee Members met with senior CSIS staff and received briefings on regional issues. The Committee also took the occasion to communicate its focus and concerns to CSIS. In addition, the Committee also reviewed one of CSIS's foreign posts.

The primary focus of SIRC's review of these posts is to monitor the Service's operations at post and its information-sharing in that context with foreign and domestic agencies.

Other performance measures include follow-up with CSIS to identify whether they have acted on the recommendations contained in previous SIRC's reviews; the number and scope of reviews relative to SIRC's available resources; the frequency that different aspects of CSIS operations are reviewed and feedback on the quality of reviews from those who receive them.

Program Activity #2 : Complaints

Financial Resources

Planned Spending	Authorities	Actual Spending
$1.0	$1.0	$1.0

Human Resources (FTEs)

Planned	Authorities	Actual
7	7	6

The purpose of the Complaints Program is to conduct investigations in relation to:

- complaints "with respect to any act or thing done by the Service" as described in the *CSIS Act*;
- complaints about denials of security clearances to federal government employees and contractors;
- referrals from the Canadian Human Rights Commission in cases where the complaint relates to the security of Canada; and
- Minister of Public Safety's reports in respect of the *Citizenship Act*.

The Committee has no control over the number of complaints it receives in any given year; however, it has a statutory responsibility to respond promptly to every complaint. The volume, complexity and sensitivity of these cases can have a significant impact on SIRC's capacity to fulfill its mandate. Small changes in the number of complaints can significantly affect the Committee's budget and operations. In 2007-2008, there were 32 new complaints as compared to 37 in 2006-2007.

The complaints program activity includes salary costs and training for staff, complaints hearings presided over by Members, their travel expenses and per diems, as well as costs for simultaneous translation, court reporters and funding to obtain outside legal advice.

One measure of the program's effectiveness is whether the government seeks judicial review of the Committee's decisions by the Federal Court. No such action was taken in 2007-2008. SIRC has also adopted a standard whereby all written complaints are acknowledged formally within seven days of their receipt and that within 60 days, all complaints should either be resolved to the complainant's satisfaction, determined outside SIRC's jurisdiction or have become the subject of a Committee investigation.

SECTION III - SUPPLEMENTARY INFORMATION

Organizational Information

Links to Government of Canada Outcomes

Strategic Outcome: To provide assurance to the Parliament of Canada and through it, to Canadians that the Canadian Security Intelligence Service (CSIS) is complying with the law, policy and Ministerial direction in the performance of its duties and functions.				
	Actual Spending 2007-08			
Program Activity Area	**Budgetary**	**Non-budgetary**	**Total**	**Alignment to Government of Canada Outcome Area**
Reviews	$1.9	$0.0	$1.6	SIRC provides assurance that the Service is acting within law, policy and Ministerial direction when contributing to such government outcomes as the safety of Canada, the security of the Canadian marketplace and support for a strong and mutually beneficial North American partnership.
Complaints	$1.0	$0.0	$1.0	

Table 1: Comparison of Planned to Actual Spending (including FTEs)

($ Millions)	2005-2006 Actual	2006-2007 Actual	2007-2008			
			Main Estimates	Planned Spending	Total Authorities	Actual
Reviews		1.8	2.0	1.9	2.0	1.6
Complaints		0.8	1.0	1.0	1.0	1.0
Total	**2.1**	**2.6**	**3.0**	**2.9**	**3.0**	**2.6**
Total Department Spending	**2.1**	**3.1**	**3.0**	**2.9**	**3.0**	**2.6**
Full time equivalents	21	19	21	21	21	17

Table 2: Voted or Statutory Items

Vote or Statutory item	Truncated Vote or Statutory Wording	2007-2008			
		Main Estimates	Planned Spending	Total Authorities	Actual
30	Operating Expenditure	2.7	2.7	2.7	2.3
(S)	Contributions to Employee benefit plans	0.3	0.3	0.3	0.3
	Total	**3.0**	**3.0**	**3.0**	**2.6**

Table 15: Travel Policies

Travel Policy for the Security Intelligence Review Committee: **The Security Intelligence Review Committee follows the TBS Travel Directive, Rates and Allowances.**

SECTION IV – OTHER ITEMS OF INTEREST

Contact Information

Security Intelligence Review Committee
P.O. Box 2430 Station "D"
Ottawa, Ontario
K1P 5W5

Telephone: (613) 990-8441
Facsimile: (613) 990-5230
Internet: www.sirc-csars.gc.ca
E-Mail: ellardm@sirc-csars.gc.ca

Legislation Administered

Canadian Security Intelligence Service Act

Security Intelligence Review Committee
Financial Statements (Unaudited)

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Security Intelligence Review Committee's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Security Intelligence Review Committee's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable; that assets are safeguarded; and that transactions are in accordance with the Financial Administration Act, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Security Intelligence Review Committee.

The financial statements of the Security Intelligence Review Committee have not been audited.

Gary Filmon
Chair

Susan Pollak
Executive Director, Senior Financial Officer

Ottawa, Ontario

August 08, 2008

Security Intelligence Review Committee
Statement of Operations (Unaudited)

for the year ended March 31, 2008

Expenses (Note 4)	**2007-08**	**2006-07**
	(in dollars)	
Salaries and employee benefits	1,948,504	1,958,053
Professional and special services	324,431	389,487
Accommodation (Note 11)	224,062	220,000
Travel and relocation	192,796	191,615
Information	85,543	64,355
Communication	58,285	47,950
Equipment rental	49,914	14,766
Repairs	38,935	10,983
Allowance for vacation pay	30,346	(37,576)
Equipment	15,290	65,026
Utilities, material and supplies	13,769	15,900
Amortization of tangible capital assets (Note 7)	11,414	7,730
Miscellaneous	1,500	2,507
Total Expenses	**2,994,789**	**2,950,796**
Revenues (Note 5)		
Miscellaneous revenues	20	5
Net Cost of Operations	**2,994,769**	**2,950,791**

The accompanying notes form an integral part of these financial statements.

Security Intelligence Review Committee
Statement of Financial Position (Unaudited)

at March 31, 2008

Assets	2007-08	2006-07
	(in dollars)	
Financial assets		
Advance	1,700	700
Accounts receivable (Note 6)	53,063	88,040
Total financial assets	**54,763**	**88,740**
Non-financial assets		
Tangible capital assets (Note 7)	58,607	69,423
Total non-financial assets	**58,607**	**69,423**
Total	**113,370**	**158,163**

Liabilities and Equity of Canada		
Liabilities		
Accounts payable and accrued liabilities (Note 8)	183,877	239,779
Vacation pay	111,192	80,845
Employee severance benefits (Note 9b)	304,787	321,042
Total liabilities	**599,856**	**641,666**
Equity of Canada	**(486,486)**	**(483,503)**
Total	**113,370**	**158,163**

Contractual obligations (Note 10)
The accompanying notes form an integral part of these financial statements.

Security Intelligence Review Committee
Statement of Equity of Canada (Unaudited)

for the year ended March 31, 2008

	2007-08	2006-07
	(in dollars)	
Equity of Canada, beginning of year	**(483,503)**	**(350,911)**
Net cost of operations	(2,994,769)	(2,950,791)
Refund and adjustment of previous year expenditures	(7,711)	(2,228)
Revenue not available for spending	(20)	(5)
Services received without charge from other government departments (Note 11)	351,380	342,081
	(2,651,120)	(2,610,943)
Current year appropriations used (Note 3)	2,626,212	2,626,834
Change in net position in the Consolidated Revenue Fund (Note 3c)	21,925	(148,483)
Equity of Canada, end of year	**(486,486)**	**(483,503)**

The accompanying notes form an integral part of these financial statements.

Security Intelligence Review Committee
Statement of Cash Flow (Unaudited)

for the year ended March 31, 2008

	2007-08	2006-07
	(in dollars)	
Operating Activities		
Net cost of operations	2,994,769	2,950,791
Non-cash items		
Amortization of tangible capital assets (Note 7)	(11,414)	(7,730)
Services received without charge from other government departments (Note 11)	(351,380)	(342,081)
	(362,794)	(349,811)
Variations in Statement of Financial Position		
Increase in advances	1,000	-
Increase (decrease) in accounts receivable	(34,977)	88,040
Increase (decrease) in prepaid expenses	-	(75,398)
Decrease (increase) in liabilities	41,810	(137,504)
	7,833	(124,862)
Cash used by operating activities	**2,639,808**	**2,476,118**
Capital Investment Activities		
Acquisition of tangible capital assets (Note 7)	598	-
Net cash provided by Government of Canada (Note 3c)	**2,640,406**	**2,476,118**

The accompanying notes form an integral part of these financial statements.

Security Intelligence Review Committee
Notes to Financial Statements (Unaudited)

for the year ended March 31, 2008

1. *Authority and Purpose*

The Security Intelligence Review Committee was created to provide external review the Canadian Security Intelligence Service (CSIS) performance of its duties and functions; and to examine complaints by individuals or reports by Ministers related to security of Canada.

The Security Intelligence Review Committee derives its powers from the Canadian Security Intelligence Service (CSIS) Act promulgated on July 16, 1984. The first Chair and Members were appointed by His Excellency the Governor General on November 30, 1984. Security Intelligence Review Committee is empowered to set its own Rules of Procedures, and to employ an executive director and adequate staff to support its activities. The Act requires Security Intelligence Review Committee to report annually to the Solicitor General of Canada who must, in turn, table the report in each House of Parliament on any of the first fifteen days on which that House is sitting after the day the Minister receives it. Security Intelligence Review Committee may also require CSIS or the Inspector General appointed under the CSIS Act to conduct a review of specific activities of the Service and provide Security Intelligence Review Committee with a report of the review.

2. *Significant Accounting Policies*

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

a) **Parliamentary appropriations**: The Security Intelligence Review Committee is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Security Intelligence Review Committee do not parallel financial reporting according to Canadian generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

b) **Net cash provided by government**: The Security Intelligence Review Committee operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Security Intelligence Review Committee is deposited to the CRF and all cash disbursements made by the Security

Intelligence Review Committee are paid from the CRF. The net cash provided by government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

c) **Change in net position in the Consolidated Revenue Fund** is the difference between the net cash provided by government and appropriations used in a year, excluding the amount of non respendable revenue recorded by the Security Intelligence Review Committee. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

d) **Expenses** are recorded on the accrual basis:

- Vacation pay is expensed as the benefits accrue to employees under their respective terms of employment.

- Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

e) **Employee future benefits**:

i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The Security Intelligence Review Committee's contributions to the plan are charged to expenses in the year incurred and represent the total obligation to the plan. Current legislation does not require the Security Intelligence Review Committee to make contributions for any actuarial deficiencies of the plan.

ii. Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the government as a whole.

f) **Accounts receivable and advances** are stated at amounts expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

g) **Tangible capital assets** having an initial cost of $3,000 or more are recorded at their acquisition cost. The Security Intelligence Review Committee does not capitalize intangibles, works or art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections. Amortization of

tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Informatics	3 years
Other equipment	3 years

h) **Measurement uncertainty**: The preparation of these financial statements in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes these estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. *Parliamentary Appropriations*

The Security Intelligence Review Committee receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Security Intelligence Review Committee has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

Security Intelligence Review Committee
Notes to Financial Statements (Unaudited)

for the year ended March 31, 2008

a) Reconciliation of net cost of operations to current year appropriations used:

	2007-08	2006-07
	(in dollars)	
Net cost of operations	2,994,769	2,950,791
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (less):		
Services received without charge from other government departments (Note 11)	(351,380)	(342,081)
Vacation pay	(30,347)	37,576
Amortization of tangible capital assets (Note 7)	(11,414)	(7,730)
Employee severance benefits (Note 9b)	16,255	(13,986)
Refund and adjustment of previous year expenditures	7,711	2,228
Revenue not available for spending	20	5
Other	-	31
	(369,155)	(323,957)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add:		
Acquisitions of tangible capital assets (Note 7)	598	-
Current year appropriations used	**2,626,212**	**2,626,834**

b) Appropriations provided and used:

	2007-08	2006-07
	(in dollars)	
Vote - Operating expenditures	2,766,000	2,615,000
Statutory amounts	253,339	258,394
Less:		
Lapsed appropriations : Operating	(393,127)	(246,560)
Current year appropriations used	**2,626,212**	**2,626,834**

c) Reconciliation of net cash provided by Government to current year appropriations used:

	2007-08	2006-07
	(in dollars)	
Net cash provided by government	2,640,406	2,476,118
Refund and adjustment of previous year expenditures	7,711	2,228
Revenue not available for spending	20	5
	2,648,137	2,478,351
Change in net position in the Consolidated Revenue Fund		
Variation in financial assets	33,977	(88,040)
Variation in accounts payable and accrued liabilities	(55,902)	236,141
Other	-	382
	(21,925)	148,483
Current year appropriations used	**2,626,212**	**2,626,834**

4. ***Expenses***

The following table presents details of expenses by program activity:

	2007-08	2006-07
	(in dollars)	
Program Activity		
Complaints	1,210,638	1,097,461
Reviews	1,784,151	1,853,335
Total	**2,994,789**	**2,950,796**

5. ***Revenues***

The following table presents details of revenues by program activity:

	2007-08	2006-07
	(in dollars)	
Program Activity		
Complaints	8	2
Reviews	12	3
Total	**20**	**5**

Security Intelligence Review Committee
Notes to Financial Statements (Unaudited)

for the year ended March 31, 2008

6. *Accounts Receivable*

The following table presents details of accounts receivable:

	2007-08	2006-07
	(in dollars)	
Receivables from other federal government departments and agencies	50,973	83,951
Receivables from external parties	2,090	4,089
Total	**53,063**	**88,040**

7. *Tangible Capital Assets*

(in dollars)	Cost				Accumulated amortization					
Capital asset class	Opening Balance	Acquisi-tions	Disposals and write-offs	Closing Balance	Opening Balance	Amortiza-tion	Disposal and write-offs	Closing Balance	Net Book Value 2007-08	Net Book Value 2006-07
Informatics	447,850	598	-	448,448	429,545	8,228	-	437,773	10,675	18,304
Other equipment	105,482	-	-	105,482	54,364	3,186	-	57,550	47,932	51,119
	553,332	**598**	**-**	**553,931**	**483,909**	**11,414**	**-**	**495,324**	**58,607**	**69,423**

8. *Accounts payable and accrued liabilities*

The following table presents details of accounts payable and accrued liabilities:

	2007-08	2006-07
	(in dollars)	
Payables to external parties	164,729	226,229
Payables to other federal government departments and agencies	19,148	13,550
Total	**183,877**	**239,779**

9. *Employee Benefits*

(a) Pension benefits: The Security Intelligence Review Committee participates in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and are indexed to inflation.

Both the employees and the Security Intelligence Review Committee contribute to the cost of the Public Service Pension Plan. The 2007-08 expense amounts to $229,525 ($190,436 in 2006-07) which represents approximately 2.1 times (2.2 in 2006-07) the contributions by employee.

The Security Intelligence Review Committee's responsibility with regard to the plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the plan's sponsor.

(b) Severance benefits: The Security Intelligence Review Committee provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2007-08	2006-07
	(in dollars)	
Accrued benefits obligation, beginning of year	321,042	307,056
Expense for the year	(16,255)	13,986
Accrued benefit obligation, end of year	**304,787**	**321,042**

10. *Contractual obligations*

The nature of the Security Intelligence Review Committee activities can result in large multi-year contracts and obligations whereby the Department will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in dollars)	2008-09	2009-10	Total
Professional and special services	24,838	13,173	38,011
Rental	6,128	-	6,128
Total	**30,966**	**13,173**	**44,139**

11. *Related Party Transactions*

The Security Intelligence Review Committee is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The Security Intelligence Review Committee enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Security Intelligence Review Committee

received services which were obtained without charge from other Government departments as presented below.

Services provided without charge: During the year, the Security Intelligence Review Committee received service without charge from other departments. These services have been recognized in the Security Intelligence Review Committee's Statement of Operations as follows:

	2007-08	2006-07
	(in dollars)	
Accommodation	224,062	220,000
Employer's contribution to the health and dental insurance plans	127,318	122,081
Total	**351,380**	**342,081**

The government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included as an expense in the Security Intelligence Review Committee's Statement of Operations.

12. *Program Activity Structure*

The 2007-08 Financial Statements for the Security Intelligence Review Committee were prepared on the Treasury Board Secretariat reporting requirements for the program activities. As a result, charges for Corporate Services activities have been distributed between Program Activities.

13. *Comparative information*

Comparative figures have been reclassified to conform to the current year's presentation.